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THE HAMILTON HARBOUR COMMISSIONERS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1978

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MacGillivray & Co.
Chartered Accountants

THE HAMILTON HARBOUR COMMISSIONERS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1978

MacGILLIVRAY & CO.
CHARTERED ACCOUNTANTS
HAMILTON
ONTARIO

MacGILLIVRAY & CO.
CHARTERED ACCOUNTANTS
HAMILTON
ONTARIO

AUDITORS' REPORT

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1978 and the statements of revenue and expenses, general capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MacGillivray & Co.

March 2, 1979. CHARTERED ACCOUNTANTS.

EXHIBIT "A"

THE HAMILTON HARBOUR COMMISSIONERS
BALANCE SHEET
AS AT DECEMBER 31, 1978
(with comparative figures for 1977)

A S S E T S

	1978	1977
CURRENT		
Cash	$ 101,397	$ 293,977
Accounts receivable	933,863	851,574
Accrued interest receivable	52,382	38,354
Inventory	45,025	36,873
Prepaid expenses	40,554	32,211
	1,173,221	1,252,989
INVESTMENTS APPROPRIATED FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	2,800,000	2,800,000
DEFERRED ACCOUNTS RECEIVABLE	27,231	52,191
LAND, DOCKS AND HARBOUR IMPROVEMENTS	17,889,774	17,833,620
Less accumulated depreciation	4,804,631	4,447,806
	13,085,143	13,385,814
CAPITAL DEVELOPMENT IN PROGRESS (note 3)	2,607,060	1,600,842
OTHER FIXED ASSETS		
Buildings	5,736,917	5,736,917
Equipment and vessels	2,389,312	2,095,791
	8,126,229	7,832,708
Less accumulated depreciation	5,974,484	5,612,180
	2,151,745	2,220,528
	$ 21,844,400	$ 21,312,364

APPROVED BY THE COMISSIONERS AND PORT DIRECTOR

Commissioner

Commissioner

Commissioner

Port Director

EXHIBIT "A"

THE HAMILTON HARBOUR COMMISSIONERS
BALANCE SHEET
AS AT DECEMBER 31, 1978
(with comparative figures for 1977)

L I A B I L I T I E S

		1978	1977
CURRENT			
Accounts payable and accrued liabilities		$ 318,405	$ 249,072
Current portion of debentures payable		50,000	50,000
Current portion of long-term loan payable		106,242	100,326
		474,647	399,398
LONG-TERM (note 4)			
Debentures payable -			
Government of Canada, 4-1/8%, to be redeemed before the year 2005	$ 1,075,000		
Less principal due in 1979	50,000	1,025,000	1,075,000
Loan payable -			
Government of Canada, due December 31, 1987, semi-annual instalments of blended principal and interest			
at 5-9/16%	559,431		
at 6-1/16%	571,014		
	1,130,445		
Less principal due in 1979	106,242	1,024,203	1,130,445
		2,049,203	2,205,445
		2,523,850	2,604,843

C A P I T A L

GENERAL CAPITAL	16,520,550	15,907,521
APPLICATION FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	2,800,000	2,800,000
	19,320,550	18,707,521
	$ 21,844,400	$ 21,312,364

THE HAMILTON HARBOUR COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1978

1. ACCOUNTING POLICIES

(a) Pensions -

The unfunded obligation for pensions based upon a valuation carried out in 1977, was estimated at $ 71,888. This obligation is being paid by instalments and charged to operations over a five year period ending in 1981. This liability has been reduced at December 31, 1978, to $ 37,288.

(b) Fixed Assets and Depreciation -

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at the following rates:

Docks and improvements	- 2%, 5%, 10%, 20%
Buildings	- 2½%, 5%, 10%, 20%
Vessels and equipment	- 10%, 15%, 20%

(c) Inventory -

Inventory is recorded at actual cost.

2. CONTINGENT LIABILITIES

A legal action has been instituted against the Commissioners by Samuel and Sheridan Lax in the total amount of $ 35,000,000. This action is being defended. It is not possible to determine whether the Commissioners will incur any future liability as a result of this suit.

The City of Hamilton has challenged in the courts the exemption of Hamilton Harbour Commissioners' properties from municipal assessment and taxation, as provided for in the Assessment Act. This action is being defended. It is not possible to determine whether the Commissioners will incur any future liability as a result of this suit.

3. APPROPRIATION FOR FUTURE HARBOUR IMPROVEMENTS

These funds are intended for the development of piers 12/13 and 25/27, which are to be developed over the next five years at an estimated cost of $ 8,200,000.

Bank deposit receipts	$ 800,000
Government treasury bills	1,999,756
Cash in bank	244
	$ 2,800,000

4. LONG-TERM DEBT

The aggregate amount of repayments due within the next five years is as follows:

	Debentures	Loan Payable
1979	$ 50,000	$ 106,242
1980	50,000	112,507
1981	50,000	119,143
1982	50,000	126,171
1983	50,000	133,613

EXHIBIT "B"

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF GENERAL CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1978
(with comparative figures for 1977)

	1978	1977
GENERAL CAPITAL - BEGINNING OF YEAR		
As previously reported	$ 15,907,521	$ 17,078,492
Adjustment of prior years' depreciation	-	144,604
	15,907,521	17,223,096
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	126,086	(46,061)
	16,033,607	17,177,035
GRANTS RECEIVED DURING THE YEAR		
Government of Canada	474,102	13,032
Other	12,841	17,454
	486,943	30,486
	16,520,550	17,207,521
APPROPRIATION FOR FUTURE HARBOUR IMPROVEMENTS	-	(1,300,000)
GENERAL CAPITAL - END OF YEAR	$ 16,520,550	$ 15,907,521

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1978
(with comparative figures for 1977)

	1978		1977	
REVENUE				
Harbour operations -				
Cargo rates	$ 749,377		$ 695,958	
Other income	13,383	$ 762,760	19,294	$ 715,252
Terminals -				
Warehousing and handling	1,016,485		910,137	
Equipment	148,555		87,103	
Other income	8,324	1,173,364	1,054	998,294
Rental income -				
Piers and property	943,072		902,266	
Buildings	212,536		207,812	
Rights of way	64,967		64,722	
Side wharfage	69,324	1,289,899	67,353	1,242,153
Marine dockyard		598,941		511,178
Sundry income -				
Recovery of prior years' expenses	-		266	
Profit (loss) on fixed asset disposals	1,149		(2,668)	
Interest on deposit receipts	242,036		255,929	
Interest on savings	10,664		5,418	
Other income and interest	140,299	394,148	24,230	283,175
TOTAL REVENUE, carried forward		4,219,112		3,750,052

EXHIBIT "C"
(continued)

	1978		1977	
TOTAL REVENUE, brought forward		$ 4,219,112		$ 3,750,052
OPERATING EXPENSES				
Harbour operations -				
Policing, harbour control and marine safety	$ 579,223		$ 580,661	
Vessels operations	16,307	595,530	17,752	598,413
Terminals -				
Salaries and wages	592,909		546,909	
Equipment operating expenses	127,008		97,232	
Other operating expenses	126,070	845,987	174,075	818,216
Rental expenses -				
Salaries and wages	82,097		93,633	
Realty taxes	69,013		73,503	
Other operating expenses	159,368	310,478	142,924	310,060
Marine dockyard -				
Salaries and wages	254,975		248,019	
Materials and gasoline	93,637		87,756	
Other operating expenses	67,410	416,022	47,957	383,732
		2,168,017		2,110,421
Depreciation of docks, buildings and equipment		732,603		749,597
TOTAL OPERATING EXPENSES		2,900,620		2,860,018
GROSS OPERATING MARGIN, carried forward		1,318,492		890,034

EXHIBIT "C"
(continued)

	1978		1977	
GROSS OPERATING MARGIN, brought forward		$ 1,318,492		$ 890,034
ADMINISTRATIVE, OFFICE AND GENERAL EXPENSES				
Commissioners' remuneration	$ 18,000		$ 12,000	
Management and office salaries	246,390		226,789	
Office expenses and car allowances	52,939		54,081	
Workmen's compensation and unemployment insurance	57,658		55,920	
Contributions to employees' pension, group and medical plans	251,705		230,590	
Professional fees	126,536		49,429	
Trade development and public relations	73,772		103,109	
Engineering department	100,297		83,683	
Fire and general insurance	112,559		107,597	
General expenses	4,050		4,419	
Travelling expenses	13,902		24,304	
Interest on debentures	45,891		47,953	
Interest on long-term loan	70,130		75,716	
Bad debt expense	2,555		3,295	
Sailing programme (net)	16,022	1,192,406	17,522	1,096,407
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE EXTRAORDINARY ITEM		126,086		(206,373)
EXTRAORDINARY GAIN ON LAND SALE		-		160,312
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		$ 126,086		($ 46,061)

SCHEDULE #1

THE HAMILTON HARBOUR COMMISSIONERS
FIXED ASSETS AND DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1978

FIXED ASSETS	Cost at Dec.31/77	Additions
LAND, DOCKS AND HARBOUR IMPROVEMENTS		
Harbour land	$ 927,637	$ -
Harbour waterways -		
Harbour channels	894,126	-
Harbour real estate -		
Water lots	13,043	-
Water lots	1	-
Sand deposits	1	-
Park area, police basin	17,118	-
	30,163	-
Wharves, piers and floats -		
Pier #8, Centennial	1,710,693	-
Pier #10, Wellington Street	3,122,820	-
Pier #11, Victoria Avenue	1,350,148	-
Pier #12, Emerald Street	2,518,340	-
Pier #13, Wentworth Street	40,431	-
Pier #14, Ship Street	1,855,491	-
Pier #23, Strathearne Avenue	2,993,004	-
Pier #24, Strathearne Avenue	944,866	-
Pier #25, Bayside	1	-
Pier #26, Bayside	1	-
Pier #27, Bayside	1	-
Pier #28, Bayside	1	-
Other wharves and marinas	836,607	-
	15,372,404	-
Equipment - wharves, piers and floats	100,054	-
Railway system tracks	154,456	54,954
Roads, parking lots and paved areas	292,489	1,200
Fences	41,435	-
Improvements - sewers	20,856	-
TOTAL OF LAND, DOCKS AND IMPROVEMENTS	$ 17,833,620	$ 56,154
CAPITAL DEVELOPMENTS IN PROGRESS		
Pier #25/27	$ 1,574,669	$ 28,299
Pier #12/13	26,173	977,919
TOTAL OF CAPITAL DEVELOPMENTS IN PROGRESS	$ 1,600,842	$ 1,006,218

THE HAMILTON HARBOUR COMMISSIONERS
FIXED ASSETS AND DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1978

Deductions	Cost at Dec.31/78	Accumulated Dep'n at Dec. 31/77	Dep'n 1978	Reduction 1978	Accumulated Dep'n at Dec.31/78
$ -	$ 927,637	$ -	$ -	$ -	$ -
-	894,126	-	-	-	-
-	13,043	-	-	-	-
-	1	-	-	-	-
-	1	-	-	-	-
-	17,118	-	-	-	-
-	30,163	-	-	-	-
-	1,710,693	402,655	34,214	-	436,869
-	3,122,820	771,753	62,456	-	834,209
-	1,350,148	326,790	27,003	-	353,793
-	2,518,340	624,501	50,367	-	674,868
-	40,431	8,692	809	-	9,501
-	1,855,491	460,082	37,110	-	497,192
-	2,993,004	740,636	59,860	-	800,496
-	944,866	206,749	18,897	-	225,646
-	1	-	-	-	-
-	1	-	-	-	-
-	1	-	-	-	-
-	1	-	-	-	-
-	836,607	387,703	45,604	-	433,307
-	15,372,404	3,929,561	336,320	-	4,265,881
-	100,054	58,332	8,615	-	66,947
-	209,410	140,862	4,075	-	144,937
-	293,689	279,264	4,930	-	284,194
-	41,435	34,614	1,843	-	36,457
-	20,856	5,173	1,042	-	6,215
$ -	$ 17,889,774	$ 4,447,806	$ 356,825	$ -	$ 4,804,631
$ -	$ 1,602,968	$ -	$ -	$ -	$ -
-	1,004,092	-	-	-	-
$ -	$ 2,607,060	$ -	$ -	$ -	$ -

FIXED ASSETS	Cost at Dec.31/77	Additions
BUILDINGS		
Permanent sheds -		
Wellington Street sheds #1 and #2	$ 296,813	$ -
Wellington Street sheds #3 and #4	207,562	-
Wellington Street shed #8	896,617	-
Centennial Terminal #7	68,079	-
Centennial Terminal #5	336,191	-
Centennial Terminal #6	437,180	-
C.S.L. Terminal - Pier #24	1,174,564	-
Air supported building	208,187	-
	3,625,193	-
Other harbour buildings -		
Administration building	1,052,607	-
Wellington Street office building	280,160	-
Marine garage	93,929	-
Aids to navigation building	16,528	-
Wentworth Street office building	50,610	-
Harbour shops	172,700	-
Brewery building	340,297	-
Other buildings	52,304	-
Building improvements	52,589	-
	2,111,724	-
TOTAL BUILDINGS	$ 5,736,917	$ -

SCHEDULE #1
(continued)

Deductions	Cost at Dec.31/78	Accumulated Dep'n at Dec.31/77	Dep'n 1978	Reduction 1978	Accumulated Dep'n at Dec.31/78
$ -	$ 296,813	$ 175,775	$ 6,901	$ -	$ 182,676
-	207,562	206,975	39	-	207,014
-	896,617	881,157	15,459	-	896,616
-	68,079	68,078	-	-	68,078
-	336,191	219,274	16,810	-	236,084
-	437,180	313,653	21,859	-	335,512
-	1,174,564	650,274	58,728	-	709,002
-	208,187	102,323	20,819	-	123,142
-	3,625,193	2,617,509	140,615	-	2,758,124
-	1,052,607	628,321	28,105	-	656,426
-	280,160	251,601	14,008	-	265,609
-	93,929	89,020	486	-	89,506
-	16,528	16,528	-	-	16,528
-	50,610	27,307	2,530	-	29,837
-	172,700	164,654	552	-	165,206
-	340,297	102,298	17,015	-	119,313
-	52,304	17,973	4,654	-	22,627
-	52,589	10,518	10,518	-	21,036
-	2,111,724	1,308,220	77,868	-	1,386,088
$ -	$ 5,736,917	$ 3,925,729	$ 218,483	$ -	$ 4,144,212

FIXED ASSETS	Cost at Dec.31/77	Additions
VESSELS		
Derrick Barge, Cargo Master	$ 254,447	$ -
Ice patrol boat	5,820	-
Patrol boat #5	16,117	-
Pilot boat Judge McCombs	19,354	-
Cruiser Seaport	41,985	-
Boston Whaler - Revenge	7,110	-
Sailing programme	29,218	8,120
Boston Whaler - Outrage	13,514	-
Air Scoot	-	12,394
	387,565	20,514
EQUIPMENT	57,601	423
TOTAL OF VESSELS	$ 445,166	$ 20,937
EQUIPMENT		
Harbour	$ 32,572	$ 345
Operational	1,230,932	273,871
Sheds	216,316	2,700
Other buildings	28,261	626
Offices	75,524	2,334
Automotive	34,108	4,500
Miscellaneous	32,912	1,682
TOTAL OF EQUIPMENT	$ 1,650,625	$ 286,058
TOTAL OF VESSELS AND EQUIPMENT	$ 2,095,791	$ 306,995
TOTAL ALL FIXED ASSETS	$ 27,267,170	$ 1,369,367

SCHEDULE #1
(continued)

Deductions	Cost at Dec.31/78	Accumulated Dep'n at Dec.31/77	Dep'n 1978	Reduction 1978	Accumulated Dep'n at Dec.31/78
$ -	$ 254,447	$ 254,447	$ -	$ -	$ 254,447
-	5,820	5,820	-	-	5,820
-	16,117	16,103	14	-	16,117
-	19,354	19,312	31	-	19,343
-	41,985	41,985	-	-	41,985
-	7,110	2,133	711	-	2,844
-	37,338	6,410	3,734	-	10,144
-	13,514	2,702	1,351	-	4,053
-	12,394	-	1,132	-	1,132
-	408,079	348,912	6,973	-	355,885
-	58,024	43,261	2,290	-	45,551
$ -	$ 466,103	$ 392,173	$ 9,263	$ -	$ 401,436
$ -	$ 32,917	$ 24,616	$ 1,010	$ -	$ 25,626
12,000	1,492,803	987,704	114,751	12,000	1,090,455
-	219,016	151,490	18,175	-	169,665
-	28,887	25,859	573	-	26,432
1,168	76,690	60,763	6,407	1,169	66,001
-	38,608	25,881	3,746	-	29,627
306	34,288	17,965	3,370	306	21,029
$ 13,474	$ 1,923,209	$ 1,294,278	$ 148,032	$ 13,475	$ 1,428,835
$ 13,474	$ 2,389,312	$ 1,686,451	$ 157,295	$ 13,475	$ 1,830,271
$ 13,474	$ 28,623,063	$ 10,059,986	$ 732,603	$ 13,475	$ 10,779,114

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